



# ANNUAL ENDOWMENT REPORT

FISCAL YEAR  
2020

- The Stevens endowment continues to grow and generate positive returns for many university programs. I am pleased to present the Fiscal Year 2020 Endowment Report and to provide an overview of this year's highlights.

The endowment grew to \$225 million as of June 30, 2020. The portfolio has increased \$91 million over the past ten years, after reductions for annual spending distributions. This growth is the result of consistent contributions to the endowment and accumulated investment returns. The portfolio grew modestly this year by \$1 million, through a combination of gifts and transfers totaling \$3 million and investment gains of \$4 million, offset by net spending distribution to operations of \$6 million. The spending distribution represents the endowment's annual support for a variety of academic programs (including capital improvements and renovations of campus facilities), the Samuel C. Williams Library, student scholarships and more.

During 2020, we are commemorating the 150th anniversary of the founding of Stevens Institute of Technology. Since 1870, Stevens has grown in size and reputation, and many changes have taken place. One very visible change is the transformation of our beautiful campus, which includes several new high-profile buildings; many renovations to existing buildings, labs, and classrooms; and installation of state-of-the-art technology infrastructure throughout the campus. The endowment has consistently supported physical campus improvements, renovations and upgrades.

The Taylor Endowment Fund, established in 1991 with a generous bequest gift of \$10 million, and at a current market value of \$52 million, supports the Library and renovations of engineering classrooms and labs in McLean Hall, Edwin A. Stevens Hall, and the Burchard Building every year. The Library has taken the lead in providing information, lectures, photos, stories, and archives of the 150 years of Stevens growth, including highlights of accomplishments of our students, professors, alumni and research. Several endowment funds support Library activities. A new transformative Stevens initiative supported by the endowment, with several gifts that together have current market value of \$11 million, is the ACES (Accessing Careers

in Engineering and Science) program. ACES provides enhanced opportunities, including financial support, for underserved students to pursue STEM (science, technology, engineering and mathematics) and technology-infused degrees and careers.

In order to maintain stability in the endowment's support of students, faculty and academic programs, the university has implemented an annual spending rate of 4.5% for the endowment for Fiscal Year 2021, which is consistent with prior years and comparable to peer institutions. The Board of Trustees Investment Committee continued to work diligently with university management and our Outsourced Chief Investment Officer (OCIO), Goldman Sachs, to analyze and optimize portfolio scenarios. This year, the Goldman Sachs factor-based portfolio analysis study modeled our portfolio risk and return metrics based on an updated asset allocation profile and then positioned the portfolio more effectively to optimize long-term growth.

On behalf of the Board of Trustees and the Investment Committee, I invite you to join me in congratulating Stevens on its sesquicentennial anniversary and wishing the university continuing success in the coming years. I want to thank all of our donors for your generous gifts and extraordinary support of Stevens programs and for your long-term investment in the endowment. With the continued active engagement and generosity of Stevens donors, I know that Stevens will be reaching for the stars for many years to come.

*Per aspera ad astra,*

**J. Scott Swensen '74**  
Chair of the Investment Committee

**THE POWER OF STEVENS**  
OUR CAMPAIGN. OUR IMPACT.

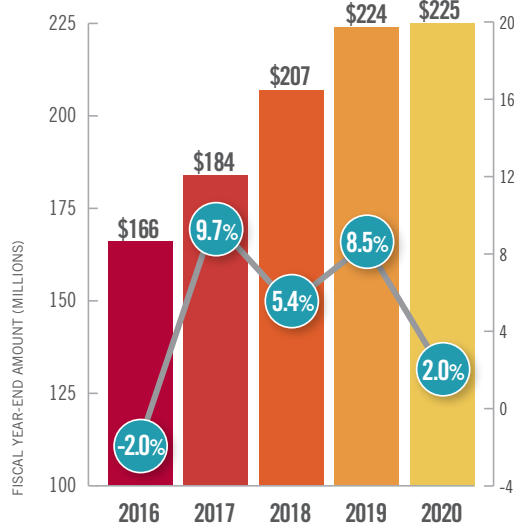


**150**  
STEVENS

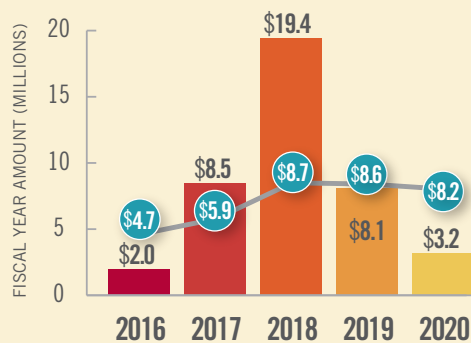
A gift to the Stevens endowment is an investment in the university's future. It is a permanent legacy that provides a secure source of future revenue to support students, faculty or academic programs as directed by each donor's wishes. The endowment, a set of pooled assets, is composed of individual funds and is invested as one commingled portfolio in a purposeful and accountable manner to generate capital gains and income that will honor our donors' intended purposes.

■ Endowment Activity

The market value of the Stevens endowment grew to \$225 million as of June 30, 2020. Gifts and redesignations during Fiscal Year 2020 were \$3.2 million (see chart below for details). Net investment gain was \$4.1 million. Net spending distribution for operations to support students, faculty, and academic programs was \$6.6 million. The Goldman Sachs-managed portion of the endowment (88% of the total portfolio) returned 3.4%, consistent with the overall trend in the capital markets for the 12-month period ending June 30, 2020. The investment portfolio lagged its strategic benchmark by -0.7%, driven by an underweight in private equity investments, which will be addressed over the next few years as we increase our commitments toward our strategic allocation in this area. Overall, including legacy private equity investments, the net investment gain for the entire endowment portfolio for the year ending June 30, 2020, was 2.0%.



Historical Market Value - Net of Spending  
● Historical Annual Return



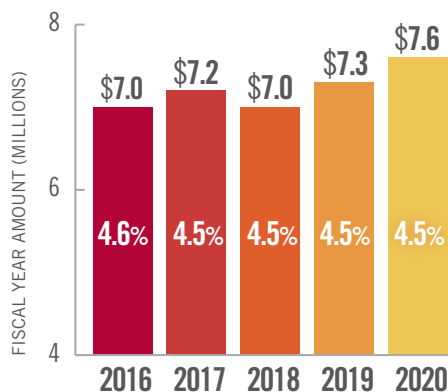
Historical Contributions (Gifts, Redesignations & Pledges)  
● 5-year moving average

Note: 2018 included contribution of \$15M for new scholarship fund

Endowment contributions typically include cash and securities, or sometimes real estate or other assets. Contributions recorded in the current year may be payments received in the current year or pledges that promise payments in future years. Contributions received during a particular year from estates, known as bequests, are also included in these figures. Bequest expectancies, where donors name Stevens in their wills to receive a gift from their estates in the future, are not included in these numbers. In addition, contributions include donor and Board of Trustees redesignations of prior gifts. Due to the various sources of contributions, the pattern of values associated with annual giving to the endowment can vary from year to year. Nevertheless, Stevens' endowment giving overall, as the five-year moving average line indicates, generally is positive.

## ■ Spending

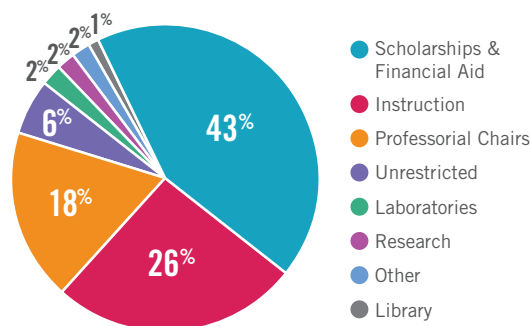
The Board of Trustees authorized the Fiscal Year 2020 spending rate of 4.5% of a three-year trailing average of total market values of all pooled invested funds in the endowment. Since Fiscal Year 2017, the Board of Trustees has approved a consistent rate of 4.5% after contemplating Goldman Sachs' modeling of portfolio scenarios and being mindful to provide steady support to university programs. The Board of Trustees is committed to applying a fiscally prudent approach for the endowment to continue to grow in perpetuity and reevaluates the spending rate each year.



Historical Spending:  
Gross dollar amount and % of endowment value

## ■ Structure

The endowment comprises 395 individual funds, most established by a dedicated and generous donor or group of donors for specified purposes and some Board-designated to meet Stevens' immediate needs. The funds are pooled and invested as a single portfolio but are tracked and allocated individually. At Stevens, endowed funds support scholarships and financial aid, instruction, professorial chairs, laboratories, research, the Library and various educational programs. These funds have appreciated in value over time while providing annual support for the designated purposes of the funds.



Endowment Designations - 6/30/2020

## ■ Endowment Management

Stevens' endowment investments are overseen with prudence and care by university management and the Board of Trustees, whose Investment Committee is composed of trustees and faculty with knowledge in finance and investments. The goal of the Investment Committee is to oversee the endowment to support the university's strategic plan and ensure that the endowment benefits both current and future generations. The Investment Committee is responsible for oversight and strategic decision-making covering asset allocation, spending policy, performance analysis, fee review and hiring of professionals. The Committee works closely with Goldman Sachs, our OCIO, to construct a diversified investment portfolio that looks to capitalize on sources of long-term return. Goldman Sachs, currently managing 88% of the total portfolio assets and 94% of investable assets, advises and executes on a variety of public and private market strategies that seek to generate an attractive risk/return profile in line with the goals set forth in the endowment's

Investment Policy Statement. Of the remaining total assets, Stevens oversees 8%, and 4% consists of legacy private equity investments.

With the goal of generating excess returns while maintaining an appropriate level of risk, the Board of Trustees, the Investment Committee and our OCIO have established a multi-year investment strategy to bring the portfolio to a strategic weighting in private equity and private credit assets. An increased allocation to a diversified set of strong private asset managers is expected to improve the overall risk/return profile of the portfolio, bring our return closer to the strategic benchmark, and better position the endowment to meet its long-term objectives. The portfolio is well diversified across investment managers, asset classes, geographies and time horizons. The endowment is broadly diversified into equities, fixed income and alternative investments, including private equity, private credit and hedge funds.



## FY 2020 Endowment Highlights

**\$225M**

Stevens' endowment, net of spending, has grown by \$51 million during the past five years, from \$174 million on June 30, 2015 to \$225 million on June 30, 2020.

**395**

The endowment comprises 395 individual endowment funds to support the university as directed by our generous donors.

**\$41M**

Contributions to the endowment totaling \$41 million have been received during the past five years.

**\$36M**

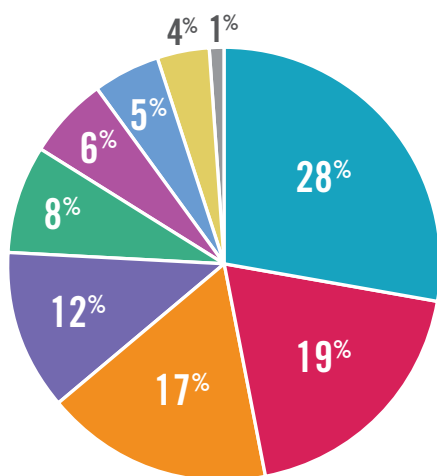
The endowment has distributed a gross amount of \$36 million over the past five years to support students, faculty and academic programs.



### Risk Management

By investing in both traditional and alternative investments, the endowment seeks to achieve diversification benefits. Our strategic asset allocation, over the longer term, strives to optimize return for a given level of portfolio risk. At least three times per year, the Investment Committee reviews the asset allocation of the portfolio and the individual managers' performance. Our OCIO will continue to model the portfolio and engage the Investment Committee in discussions about long-term spending needs balanced against

expected portfolio returns and volatility. Maintaining and growing the value of the endowment over time is critical to ensuring that the steady source of income the endowment provides to students, faculty and academic programs will not be eroded, and that endowment funds grow in support of our strategic goals in perpetuity. This objective is best accomplished by a well-diversified portfolio and a conservative spending policy.



	\$( MILLIONS)	% OF TOTAL
U.S. Equity	\$62	28%
Investment Grade Fixed Income	\$43	19%
Non-U.S. Equity	\$39	17%
Private Equity	\$28	12%
Other Fixed Income	\$19	8%
Other	\$15	6%
Hedge Funds	\$10	5%
Tactical Asset Allocation Portfolio	\$8	4%
Cash & Money Market Funds	\$1	1%
	<b>\$225</b>	<b>100%</b>

Asset Allocation - 6/30/2020

